CMHC HOUSING OUTLOOK: NATIONAL EDITION

Canada Mortgage and Housing Corporation

Housing construction to remain strong

Overview

Housing starts:
2004: 225,700
2005: 204,200

Resales:
2004: 457,000
2005: 433,100

Housing starts: Housing starts will remain strong in 2004 surpassing last year's 15 year high. Starts will slow in 2005, due in part to rising mortgage rates and reduced spillover of demand from the existing home market.

House prices: Resale markets in many centres remain tight. Therefore, growth in house prices will continue to exceed overall inflation this year. However, as sales edge lower and new listings rise, price pressures will ease in 2005.

Resales: Sales of existing homes will reach a new record level in 2004. However, in 2005, the combination of rising prices and mortgage rates will lead to lower sales of existing homes.
(Details on Page 3)

The Nation's HOT SPOTS

British Columbia: B.C. will lead the country in terms of growth in housing starts this year. High net migration, low mortgage rates, and growth in full-time employment will be key drivers of construction. (Details on Page 9)

Quebec: Quebec's economy will be buoyed by low interest rates and a recovering US economy. Favourable economic conditions and increased migration to Quebec will continue to stimulate housing starts in 2004. (Details on Page 14)

Third Quarter, 2004

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Canada

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National Housing Outlook

In Detail

After hitting a 15 year high of over 218,000 units in 2003, housing starts are forecast to strengthen to reach 225,700 units in 2004. However, starts will fall in 2005 to 204,200 units.

Starts of single homes edge higher

Single detached starts, will rise to 127,700 units in 2004, a 3.7 per cent increase over the previous year. In 2005, single starts will decrease by 9.0 per cent to reach 116,200 units. The increase in single starts this year reflects the very favourable conditions for home ownership, which include extremely low mortgage rates and strong employment gains. However, in spite of a small decrease in July, longer term mortgage rates have risen in recent months. Indeed the posted rate on a 5-year closed mortgage climbed by about 100 basis points in April, May and June. Rising mortgage rates, together with strong price gains should cause demand for single homes to ease by next year. The improved balance between individuals looking for a home and new listings in the existing home market, will reduce the spillover of buyers from the existing home market into the new home market, which will also lower demand for new homes. Starts of single homes are expected to increase in most provinces in 2004. The largest increases will be in British Columbia and P.E.I., where single starts will rise 14.3 per cent and 9.3 per cent, respectively. Single starts will also rise in Manitoba, Ontario, Saskatchewan, Quebec, and New Brunswick. Single starts will be down this year in the remaining provinces, with the largest decreases coming from Nova Scotia (down 10.7 per cent) and Newfoundland (down 8.5 per cent).

Multiple starts will peak in 2004

In 2003, multiple dwelling starts, which include starts of semi-detached and row homes as well as apartments, were at their highest level (95,200 units) since 1987. Multiple starts are expected to increase to 98,000 units in 2004 but to decrease to 88,000 units in 2005. Since 1998, apartment starts had been the fastest growing segment of the multiple dwellings market. Most of the apartment units started (66 per cent) were condominiums. In 2002 and 2003, there was a significant pick-up in starts of semi-detached and row houses, reflecting increased demand by home buyers for relatively less expensive homes. While multiple dwelling starts will moderate next year, they will still remain well above the levels observed over the 1990 to 2002 period.

MLS® sales will reach a new record level this year

Tight labour markets and low interest rates have boosted housing demand and pushed MLS® sales in Canada's 10 provinces to a record high of 434,682 units in 2003, surpassing the previous year's record of 416,972 units. High levels of demand will continue to support strong sales in the existing home market in 2004 and MLS® sales will increase to 457,000 units making 2004 the best year on record. As moderate increases in mortgage rates next year reduce demand for home ownership, MLS® sales will slide to 433,100 units in 2005.

More modest price gains in 2005

Resale markets have been tight in many centres and will remain so for the rest of 2004. However, increased new listings, coupled with an eventual easing of MLS® sales will move the existing home market closer to a balanced position next year, causing price gains to decelerate. We expect the average MLS® price to increase by 9.2 per cent this year and by 4.6 per cent in 2005.

Spotlight: Mortgage rates are up, but how high will they go?

The 5-year fixed mortgage rate has risen by about 100 basis points between March and June of this year. The increase reflects higher yields on longer term government of Canada bonds, which have risen in anticipation of a tightening of monetary policy over the next 12 to 18 months. How high will mortgage rates go? Can the five year posted rate go as high as the 13 plus per cent averaged during the 1980s?

In our view, the high rates of the 1980s are unlikely to be repeated in the near future. There are several reasons for this. First, the Bank of Canada's success in lowering inflation will keep bond yields relatively low. Second, the reduction in the government's debt burden due to the sound fiscal management over the past decade will keep risk premiums on Canadian debt lower.

The 1960s was the most recent period in which Canada enjoyed both low inflation and a relatively light public debt burden. As such, the 1960s provide a good indication of where mortgage rates might top out in the current environment.

Between 1962 and 1967, inflation averaged 2.4 per cent. During this same period, the yield on long term government bonds peaked at 6.5 per cent in 1967. This is about 120 basis points above the government bond yield in May of this year.

Given that the 5-year fixed mortgage rate tends to move in step with these long term government of Canada bond yields we would expect that mortgage rates could increase by another 120 basis points. This would push the 5-year fixed mortgage rate up from its current value of about 6.7 per cent into the 8 per cent range.

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Trends Impacting Housing

The Economy

Growth in the Canadian economy, as measured by gross domestic product, slowed to 2.4% at annual rates in the first quarter of 2004. However, the modest GDP growth in the quarter masked some very positive trends and the resilience of Canada's economy. Indeed, most of the components of GDP were up strongly in the quarter. The main contributor to weakness was a reduction in business inventories. This weakness in business inventories was identified as a key risk to growth in the first quarter in our last forecast published in May 2004. If we exclude the impact of the reduction in business inventories as well as the impacts of exports and imports, we get a measure of aggregate output called final domestic demand (FDD). Growth in FDD was much stronger than GDP, up at an annualized 4.8 per cent in the first quarter of 2004, compared to GDP growth of 2.4 per cent.

Looking ahead, we expect GDP growth to strengthen, averaging 3 per cent in 2004 and 3.4 per cent in 2005. A number of factors will contribute to the economy's improved performance, including continued strength in the labour market, relatively low interest rates and increased demand for Canadian exports reflecting robust growth in the US economy and a stable Canadian dollar.

A key risk to the forecast would be sustained upward pressure on oil prices, which would create inflation and lead to higher interest rates. Crude oil prices, which averaged about $31 US per barrel in 2003, have recently moved into the $40 range. At these levels, oil prices are comparable to prices observed during the oil crisis in the early 1980s and those in 1990 before the start of the gulf war. If we adjust for inflation, however, oil prices are well below those in these earlier periods and, therefore, will have a much smaller negative impact on the economy.

Mortgage Rates

The Bank of Canada lowered its target for the overnight lending rate by 25 basis points to 2.00 per cent on April 13th, following similar moves on March 2nd and January 20th. In total, the Bank has lowered its target for the overnight lending rate by 125 basis points since July 2003. However, as the Canadian economy rebounds and the output gap (the difference between the actual and the potential GDP) shrinks, interest rates will need to rise to bring monetary policy to a more neutral stance. The eventual tightening of monetary policy is being reflected in bond yields which have risen by about 100 basis points since March. This rise in bond yields has pushed up rates for 5 year fixed mortgages.

Looking ahead, one, three and five-year posted closed mortgage rates are expected to be in the 4.50-5.00, 5.50-6.25, and 6.25-7.25 per cent range, respectively this year. These mortgage rates are forecast to rise by 0.75-1.25 percentage points next year. Higher interest rates, which will increase the carrying cost of a mortgage, will contribute slightly to the decline in the demand for home ownership in 2005.

Migration

The immigration target for 2003 was for between 220,000 and 245,000 immigrants and the level of immigration came in near the low end of this range (221,000 arrivals). The immigration target for this year and for 2005 remains between 220,000 and 245,000 immigrants. A relaxation in the criteria for admission was implemented in the latter half of 2003, which will allow for an increase in the number of immigrants entering Canada in 2004 and 2005. Immigrants' housing demand tends to be initially for rental with movement into ownership about 10 years later.

Employment and Income

Even though the labour market got off to a slow start in 2004, full-time job creation never wavered. Employment growth picked-up in April and May, pushing the employment-to-population ratio back up to rival the all-time high set in December. In other words, a near record share of the Canadian population is employed. As a result, Canada's unemployment rate has fallen from 8.0 per cent in August of 2003 to 7.2 per cent in May 2004. This positive labour market performance has been accompanied by strong growth in personal disposable income.

Employment will grow by 1.8 per cent in 2004 and by 2.0 per cent in 2005. As a result, the unemployment rate will edge lower, reaching 7.2 per cent in 2005. Strong growth in income and employment this year and next will continue to support a high level of demand for ownership housing.

Consumer Confidence

Consumer confidence remains high, but has edged lower in recent months. We expect that strong employment and income growth will continue to support a high level of consumer confidence and support strong demand for ownership housing.

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Trends at a Glance

Key factors and their effects on residential construction

Factor	Comment
Mortgage rates	Mortgage rates have climbed in recent months, but remain low. We don't expect much more in the way of rising mortgage rates this year. However, some stimulus to housing demand will be removed in 2005, as mortgage rates resume a rising trend.
Employment	Job creation is forecast to continue to remain strong. This will contribute to housing demand.
Incomes	Continued strong growth in full-time employment will translate into stronger income gains in 2004 keeping demand for ownership housing high.
Net migration	Immigration levels are already recovering from a temporary decline that followed the global geopolitical instability. Therefore, the short-lived decrease in immigration will not have a measurable impact on housing starts.
Natural population increase	Natural population growth is slowing, which will cause household formation to slow over time. However, the high level of births that occurred 20 to 30 years ago are contributing to the increase in housing demand today.
Consumer confidence	Consumer confidence will remain strong and continue to support housing demand.
Resale market	A better balance between new listings and buyers in resale markets will eventually temper the demand for new housing in 2005.
Vacancy rates	Vacancy rates have risen in many centres and are highest in the most expensive segments of the rental market. This will curb multiple starts.

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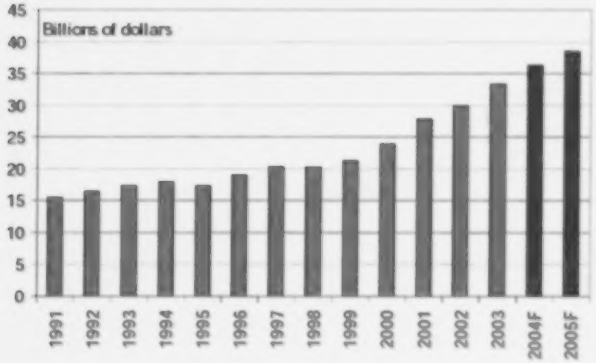
Renovation Forecast

Past strength in the resale market, robust housing starts and the effects of a strong job market typically drive renovation spending and will create strong growth for 2004. In 2005, the rate of increase in renovation spending will moderate due to a modest rise in interest rates along with a cooling in the pace of sales of existing homes.

Short-term outlook

The economic growth of recent years and the strong performance of the housing market have enabled the renovation sector to progress at a steady rate since 1999. According to recent data revisions by Statistics Canada, the level of renovation activity was underestimated over the 1999 to 2002 period. For example, in 2002, renovation spending was revised up from $24.8 billion to $29.8 billion in current dollars. We expect that renovation spending will continue to increase in 2004 and 2005. Total spending on renovations is expected to increase by 9.1 per cent to reach $36.3 billion dollars in 2004. As activity in the resale market cools in 2005, so will growth in renovation expenditures. Spending is expected to grow by 6.0 per cent reaching $38.5 billion dollars in 2005.

Renovation spending



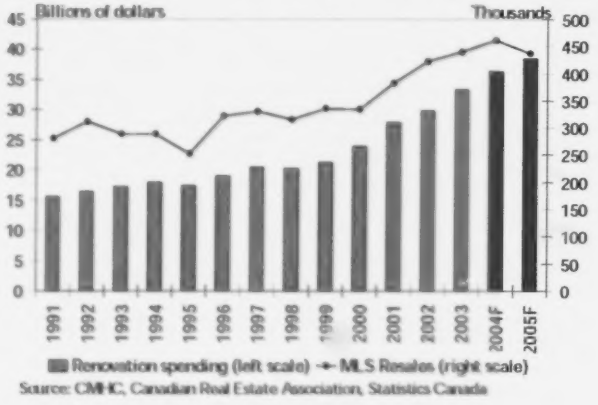
Sources: CMHC Forecast 2004-2005, Statistics Canada

The strong economic growth that Canada has experienced provides a solid underpinning for renovations. Mortgage rates were at historical lows earlier this year but have risen and will slow growth in renovation spending. However, record sales of existing homes over the past three years will keep renovation activity strong well into the future.

Past record levels in the resale market leads the way

Sales of existing homes are the principal driving force behind renovation spending. The resale market reached record levels in 2003, with MLS® sales in Canada's 10 provinces hitting 434,682, which surpassed the previous record set in 2002 by over 17,000 sales. The correlation observed between renovation and existing home sales is strong because households generally decide to renovate within the first three years after buying a house.

Renovation moves with resales



Source: CMHC, Canadian Real Estate Association, Statistics Canada

This year the level of sales of existing homes is expected to increase by 5.1 per cent and will reach a new record level of 457,000 units. This is above the level of resales set in 2003 by about 22,000 units. In 2005, the level of sales will drop 5.2 per cent, but will still remain high at close to 433,100. The strong growth forecast for MLS® sales in 2004, is contributing to higher renovation spending. Record sales in 2003 and 2004 and the continued high volume of activity in 2005 will continue to provide a solid foundation for renovation activity, as many of these homes will undergo renovations.

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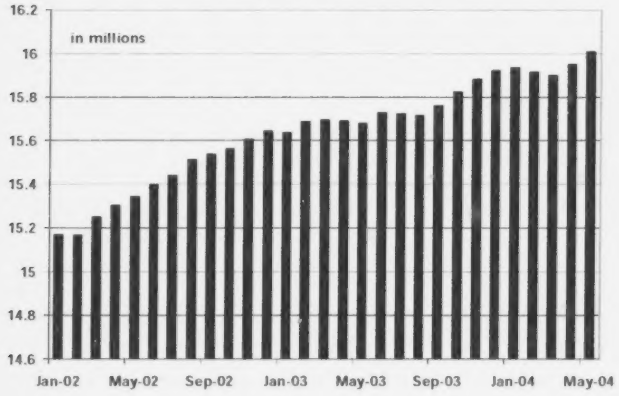
Strong job growth good for renovations

Solid job growth has generated steady income gains, which not only help finance renovation projects but boost consumer confidence to go ahead with the major expenditure that they entail. Therefore, the renovation market will continue to reflect the effects of the large amount of jobs created in 2002 and 2003.

Total employment in Canada



Sources: Statistics Canada (LFS), CMHC

Atlantic: strong renovation market

With the housing stock relatively older than in the rest of Canada, renovation will continue to play a relatively significant role in residential construction activity in Atlantic Canada. Renewed growth in the resale market in 2004 will support the relatively stronger performance of renovation going forward. New Brunswick is expected to see the largest renovation spending growth across the Atlantic with 9.8 per cent in 2004, but slowing down to 4.1 per cent in 2005. Prince Edward Island will follow with 8.2 per cent renovation spending growth in 2004, and 3.4 per cent in 2005. Nova Scotia is expected to see growth in renovation spending exceed last years and grow 7.6 per cent in 2004, but slowing considerably in 2005 to 1.3 per cent growth. Newfoundland is expected to see growth in renovation spending of 6.9 per cent in 2004 followed by 5.5 per cent in 2005.

Quebec: very solid market

Renovation spending will post respective gains of 10.2 per cent in 2004 and 8.5 per cent in 2005. Although growth in MLS® sales slowed significantly in 2003, this occurred after a number of years of consistently strong growth which had generated considerable momentum for renovation activity. With sales picking up again in 2004, renovation is expected to remain strong over the next 12 to 18 months. Despite very strong growth in existing homes listed for sale through MLS® over the past year, listings remain below the average level set over the past decade. Therefore, limited choice of existing homes for sale will continue to be a factor encouraging owners to renovate rather than move. Rising interest rates and price growth will be the main reasons growth in renovation activity will slow from the double-digit pace in 2005.

Ontario: enduring strength

Renovation spending will continue to be strong in Ontario with 9.5 per cent growth in 2004 and 5.1 per cent growth in 2005 thanks to record sales in the existing market. Moreover, despite a rise in listings, the resale market remains very tight. This implies that choice will remain limited, which will encourage some owners to renovate instead of move. The rise in rental vacancy rates is also expected to contribute to renovation activity, since landlords are likely to undertake renovations to retain and attract tenants. However, renovation spending growth is expected to slow from the extremely strong pace registered in 2003. Tapping into home equity through mortgage refinancing or property-backed lines of credit have been important ways of financing renovations. Rising interest rates are expected to cut into refinancing significantly.

Prairies: Alberta takes the lead in the Prairies

Renovation spending in Manitoba is expected to grow 5.2 per cent in 2004 and decline a bit to a modest growth of 3.1 per cent in 2005. A lack of listings in the resale market has encouraged some owners to renovate instead of buying another home.

Growth in renovation spending in Saskatchewan will be in line with that in Manitoba. Spending is forecast to grow by 4.8 per cent in 2004 and 2.7 per cent in 2005. Alberta is expected to have higher renovation growth than the two other prairie provinces in 2004, at 5.5 per cent and will experience a renovation growth of 2.9 per cent in 2005.

British Columbia: record levels of activity

Resale activity will set a new record in 2004 with 100,000 homes changing hands. This is the fourth consecutive year of above average activity in the existing home market. As a result, renovation spending will reach $4.6 billion in 2004, a 10.3 per cent increase from 2003. With the number of new listings rising slowly and persistent demand for housing, consumers will face limited product choice. This will further encourage renovations to existing housing stock through 2005. Growth in renovation spending in British Columbia will exceed the national average.

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Renovation and construction expenditure

		Renovation			Construction		
		2003	2004F	2005F	2003	2004F	2005F
Newfoundland	($ millions)	635	679	716	325	332	326
	(% change)	19.7	6.9	5.5	22.9	2.2	-1.6
P.E.I.	($ millions)	121	131	135	96	106	96
	(% change)	14.6	8.2	3.4	2.5	10.4	-9.3
Nova Scotia	($ millions)	931	1,002	1,014	666	614	606
	(% change)	7.3	7.6	1.3	11.3	-7.8	-1.3
New Brunswick	($ millions)	783	860	894	492	500	488
	(% change)	7.8	9.8	4.1	17.5	1.7	-2.5
Quebec	($ millions)	8,668	9,557	10,364	6,354	7,238	6,021
	(% change)	12.3	10.2	8.5	21.8	13.9	-16.8
Ontario	($ millions)	13,030	14,270	15,002	13,129	12,721	12,195
	(% change)	12.2	9.5	5.1	6.4	-3.1	-4.1
Manitoba	($ millions)	952	1,001	1,032	493	522	504
	(% change)	6.9	5.2	3.1	13.9	5.9	-3.5
Saskatchewan	($ millions)	888	930	955	378	397	399
	(% change)	9.4	4.8	2.7	20.6	5.1	0.4
Alberta	($ millions)	3,070	3,240	3,333	4,698	4,532	4,270
	(% change)	9.9	5.5	2.9	2.1	-3.5	-5.8
British Columbia	($ millions)	4,166	4,595	5,006	4,071	4,938	5,309
	(% change)	10.5	10.3	8.9	26.4	21.3	7.5
Canada	($ millions)	33,242	36,264	38,453	30,701	31,899	30,213
	(% change)	11.5	9.1	6.0	11.6	3.9	-5.3

Source: Statistics Canada, CMHC forecast 2004 and 2005.

Renovation Expenditure Breakdown
(millions of dollars and annual percentage change)

	2003	2004F	2005F
Alterations & Improvements	24,529	26,733	28,541
%	11.5	9.0	6.8
Repairs	8,713	9,531	9,912
%	11.4	9.4	4.0

Source: Statistics Canada, CMHC forecast 2004 and 2005.

CMHC Renovation Forecast Components

The figures presented in the CMHC forecast include renovation expenditures made by landlords and homeowners.

Alterations and improvements: Major projects leading to an increase in the value of the home, including expansions or modifications and the addition of new equipment.

Repairs: Regular maintenance tasks such as painting, caulking, or replacement of existing equipment.

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British Columbia

Overview

Prolonged Recovery in Housing Extends Through 2005

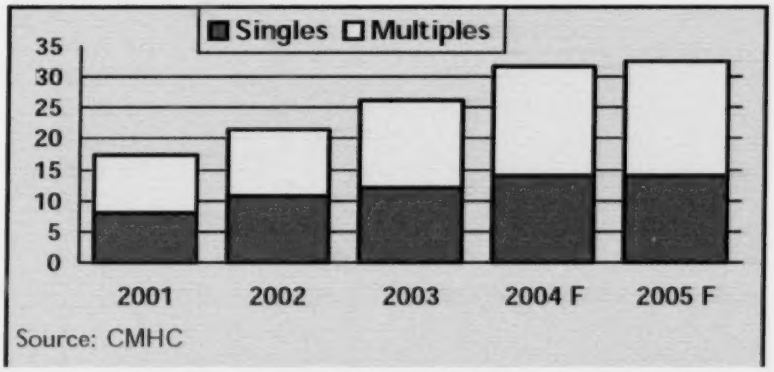
The upswing in the province's housing sector will continue through 2005 with solid fundamentals driving demand for homes. Improving economic growth, increased employment and continued investor interest in real estate will maintain the momentum in both new and existing home markets during the forecast period.

The British Columbia economy will expand by 3.0 per cent in 2004 and 3.3 per cent in 2005, with consumer spending and residential investment making significant contributions. A relatively stable Canadian dollar and increasing United States and global demand for commodities will lift the trade side of the provincial economy and contribute to the improved outlook. Recent positive developments in the ongoing softwood lumber dispute with the United States, could lead to lower tariffs on Canadian lumber exports.

Consumer confidence in the province has returned to its previous peak, reflecting solid job gains and a falling unemployment rate. A rebound in the tourism sector, a growing services sector, and the ongoing expansion of new home construction will lead to a 2.2 per cent increase in employment in 2004. Net migration, the main source of population growth in the province, is on an upward trend. In the first quarter of 2004, the number of people moving to British Columbia from other countries was almost ten per cent higher than the level recorded one year ago. Population growth combined with pent-up demand for housing will support the province's housing sector through 2005.

In this environment, the recovery in new home construction will extend through 2005 with total starts of 31,700 units in 2004 and 32,400 in 2005. Housing starts will be evenly split between the multiple-unit and single-detached categories in 2004 then shift toward more multiple-unit developments as the housing recovery lengthens.

B.C. Starts (000's)



Source: CMHC

In Detail

Single Starts: With resale activity in the province at record high levels, the spill-over of demand for this product type will lead to the construction of new single-detached homes rising to 14,000 homes in 2004. Relatively high prices and rising interest rates in 2005 will keep the number of single-detached starts near that level (14,100 units) in 2005. The impact of last year's forest fire on home construction in Kelowna continues. At the end of May, there were 159 homes rebuilt, including those started in 2003 (about 238 homes were destroyed in last year's blaze).

Multiple Starts: Multiple home starts will increase this year and next in response to demand for affordable homes from first-time buyers, as well as demand from investors. The inventory of new homes is still low, discounting fears of oversupply. While about 16,500 new multiple units were under construction in May, most were pre-sold. In 2004, 17,700 multiple-unit starts are projected while 18,300 units will be started in 2005.

Resales: Ongoing low mortgage rates will result in a new record high for resale activity in 2004. About 100,000 existing homes will change hands this year, beating the previous peak of 93,564 recorded in 1992. Rising interest rates in 2005 will dampen resale activity somewhat, but with 95,000 transactions forecast, resale activity will be near historic highs.

Prices: Sellers' market conditions prevail in most BC centres, suggesting further price increases in 2004. Upward price pressures will ease later in 2005 as more housing supply, including new and existing homes, are put on the market. Average prices will increase by 12.3 per cent and 5.5 per cent this year and next, respectively.

Provincial Highlight

CMHC forecasts housing market activity in the British Columbia CMA's of Vancouver, Abbotsford and Victoria. But what is happening in the rest of the province? According to the British Columbia Real Estate Association, resale activity in Kamloops was up over 30 per cent in the first five months of 2004 compared to the same period last year. Vancouver Island and the Kootenay regions recorded increased resales of 25 per cent. The spillover into new home construction is also evident in areas outside the province's large CMA's. Housing starts in urban BC, excluding Vancouver, Victoria and Abbotsford were up 43 per cent in the January to June period, and accounted for one-quarter of the new homes started so far this year.

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Alberta

Overview

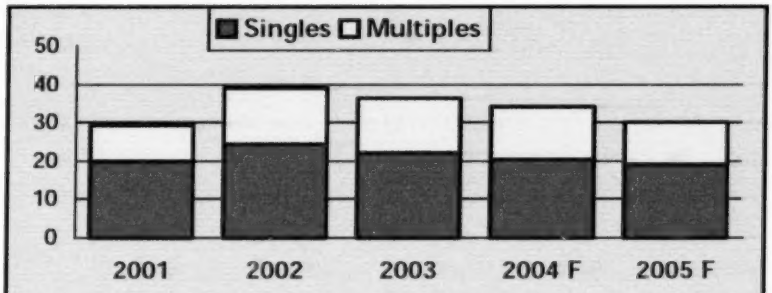
Starts remain at robust levels

Alberta continues to be a leader in job creation with employment forecast to lead the nation in 2004. Wages are also climbing on a year-over-year basis and the average weekly wage rate broke through the $700 mark in May of this year. Both employment and wage gains will fuel future consumer spending and housing demand. Strong growth in retail sales points to a confident consumer and manufacturing shipments have now posted eight consecutive months of growth.

Mortgage rates have crept higher since bottoming out in March, but remain very low in historical terms and continue to drive housing markets. Resale markets across Alberta have responded to the lowest mortgage rates in over 50 years by posting a record setting pace and the new home market remains strong.

Rising new home inventories and units under construction, as well as an increasing number of new listings from the resale market, has moved Alberta housing markets toward a balanced state. Year to date starts are down compared to the brisk pace seen at the beginning of 2003, however, strong year-to-date residential building permit data bodes well for the future pace of new home construction in the months ahead. Starts in Alberta will decrease to 33,900 units in 2004, falling further to 30,000 units in 2005.

Alberta Starts (000's)



Source: CMHC

In Detail

Single Starts: From 1998 through 2003, single detached housing starts in Alberta have averaged nearly 20,000 units per year and 2004 is on pace to match this performance. An increasing number of resale listings and spec homes across the province have increased choice for the home buyer and increased competition for home builders. Thus, single detached home starts are forecast to come in at 20,500 units representing a 6.5 per cent decline over 2003's performance. Single detached home starts will dip an additional 7.3 per cent next year at 19,000 units.

Multiple Starts: Multiple housing starts reached a twenty-one year record high last year, and many of those units continued to be under construction at the beginning of 2004. With a large number of units under construction and an increasing number of completed but unabsorbed homes, developers have delayed the commencement of new multiples projects. Look for multiple housing starts to ease six per cent this year to 13,400 units and an additional 17.9 per cent next year to 11,000 units.

Resales: Resale activity in Alberta surged this spring to record levels in response to declining mortgage rates that hit their lowest levels in over 50 years. Choice for home buyers has also improved as the supply of new listings continues to trend higher. With a strong economy and listings no longer constraining sales activity, even the recent hikes in mortgage rates will not be enough to stop the Alberta resale market from exceeding last year's record high of 51,334 sales. Resale activity is forecast to come in at an all time high of 54,000 sales this year before easing back to 50,000 sales in 2005.

Prices: Increased supply of both new and resale homes will temper price pressures this year and the resale market will not see the double digit price growth witnessed back in 2002. Most resale markets across Alberta have eased as the sales-to-listings ratio has pulled back and price increases have been more moderate. However, sales activity will be extremely brisk with a record number of resales forecast this year and prices are forecast to climb 5.6 per cent this year and an additional 5.7 per cent in 2005.

Provincial Highlight

Although Alberta remained the destination of choice for people moving to other provinces, interprovincial migration fell sharply in 2003 compared to levels witnessed in 2000 and 2001. Indeed, the 10,589 interprovincial net migrants last year represent less than half of the numbers recorded at the beginning of the decade. While international migration has been tending higher, it has not been sufficient to completely counter the slowing rate of population flow from the rest of Canada. However, with a significant increase in levels of interprovincial (35 per cent in '04Q1) and international (48 per cent in '04Q1) net migration in the first quarter of this year, the previously declining trend of net migration appears to have turned the corner. With a 4.6 per cent unemployment rate, a high average wage rate, and job growth set to lead the nation, job seekers from the rest of Canada and from abroad will continue to be drawn to the province. With multi-billion dollar investments in the energy sector planned for this year and next, the recent upward trend in net migration is expected to continue.

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Saskatchewan

Overview

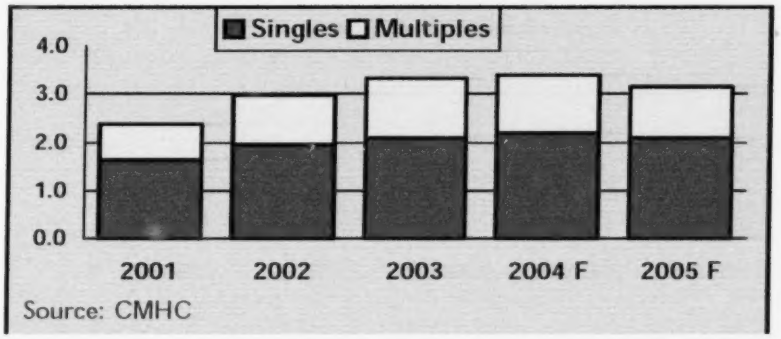
Starts activity to remain firm

Manufacturing shipments in Saskatchewan broke through the 700 million dollar level in February and approached the 800 million dollar mark in March. Retail sales also moved forward in recent months thereby halting an earlier five-month slide. Year-over-year employment and wages are ahead of last year's pace, boding well for future consumer spending and housing demand.

The pace of Saskatchewan residents moving to other parts of Canada has been slowing while more people from the rest of the nation are moving to Saskatchewan. Hence, the large outflow of interprovincial net migration has moderated significantly. Saskatchewan's unemployment rate is forecast to be the second lowest in Canada this year, thereby making the province more attractive to job seekers. Thus, the net outflow of interprovincial migration will be one-third to one-half of that seen in previous years. While international net migration was up in the first quarter of this year, the positive net flows will not be sufficient to offset losses to the rest of Canada.

Housing markets in Saskatchewan remain in a balanced state, but rising inventories in the multiples segment along with a large number of units currently under construction will impact the commencement of new multi-family projects. In the first half of this year, residential construction in urban areas is ahead of last year's pace. Starts in Saskatchewan will increase to 3,400 units in 2004, but will fall to 3,150 units in 2005.

Saskatchewan Starts (000's)



Source: CMHC

In Detail

Single Starts: Single-family housing starts bounced back in the second quarter, making up for a slow start in the first quarter of 2004. The opening of new subdivisions in Regina and Saskatoon played a role in the rise in starts that has brought year-to-date numbers up to 2003 levels. Total absorptions in Regina and Saskatoon are steady at 100 units per month keeping supply and demand in balance. The inventory of units at various stages of construction is sufficient to last seven to eight months. Our forecast is for 2,200 single-family units this year and 2,100 in 2005.

Multiple starts: Multi-family starts in the second quarter were the strongest seen in 19 years as builders rushed to meet seniors' demand for condominium and life lease units in Regina and Saskatoon. The 2004 forecast has been increased to 1,200 units from 950 in consideration of this activity. As a result of this burst of construction, there are now over 1,100 condominium units under construction in Regina and Saskatoon. Notwithstanding an escalation in inventory, absorption has been brisk, keeping supply in balance with demand. Multiple starts will slow to 1,050 units in 2005 as demand is satisfied.

Resales: Existing home sales will rise in 2004 to 8,000 units as listings activity picks up. Empty-nesters will supplement listings volumes as they sell their present home and move into the new condominium market. Sales will moderate in 2005 to 7,700 units due to rising interest rates.

Prices: The largest of the province's resale markets will remain in a balanced state in 2004 and 2005. Increases in average home prices will be only slightly in excess of inflation, up 3.8 per cent in 2004 and 3.7 per cent in 2005, keeping Saskatchewan in the ranks of the most affordable provinces in which to own a home.

Provincial Highlight

Condominiums are becoming the tenure of choice for several different groups of Saskatchewan home buyers. Apartment condominiums with amenities such as elevators and underground parking have proven to be popular with empty-nesters and seniors looking for a change in life style. Moderately priced, row condominiums have found a market with both young, first-time homebuyers and empty-nesters looking for an affordable alternative to single-family homeownership. The availability of condominiums has softened demand for rental and existing housing by providing easier access to new, ownership housing.

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Manitoba

Overview

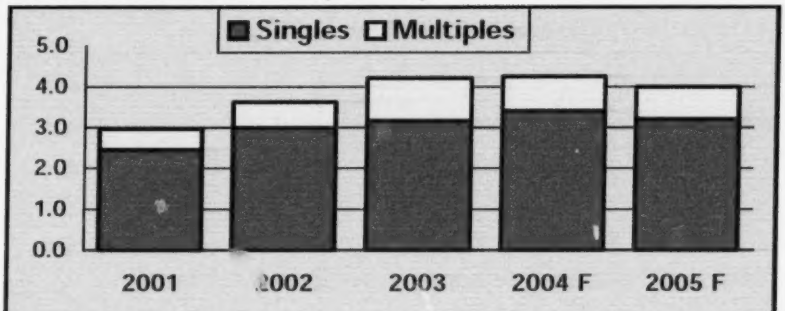
Starts to stay above the 5-year average

Although Manitoba employment is up only 0.6 per cent compared to April last year, the average weekly wage rate is 7.6 per cent higher. More jobs and higher wages will add fuel to the hot housing markets. March retail sales slipped marginally after February's surge and are 5.4 per cent ahead of last March. The new home market remains robust, recording 4,500 SAAR (seasonally adjusted annual rate) starts in April.

Net interprovincial migration turned the corner in the first quarter of 2004 as flows of people from other parts of Canada moving into Manitoba exceeded those leaving the province for the first time since the beginning of 1999. With one of the lowest unemployment rates in the nation, Manitoba is starting to attract more people from the rest of Canada and the rest of the world. Indeed, international net migration rose 59 per cent in the first three months of this year.

The red-hot Manitoba resale market combined with a shortage of listings led many potential resale buyers to turn to the new home market. Residential construction is well ahead of last year's pace and is set to post a 15-year record high. However, anecdotal evidence suggests that a shortage of developed lots and labour will constrain residential construction somewhat this year. Starts in Manitoba will increase to 4,300 units in 2004, but will fall to 4,000 units in 2005.

Manitoba Starts (000's)



Source: CMHC

In Detail

Single Starts: Single starts in the province will continue to be fuelled by a combination of factors favourable to housing demand. Population growth and an aging echo generation will contribute to household growth. Relatively low mortgage rates will keep encouraging households to look to home-ownership while, in turn, a lack of supply in the resale market (especially in Winnipeg) will favour the new home market. Builders will continue to work at capacity in 2004 but with limited growth in the labour pool, their ability to respond to demand will be restricted. New starts will also be restricted by a lack of available serviced land in the Winnipeg CMA. As a result, while 2004 will build on the strong numbers recorded last year, gains will only be in the seven per cent range for a total of 3,400 single-family starts. In 2005, single starts will edge lower, to 3,200 units.

Multiple Starts: Multiple-family construction got off to a slow start in 2004, however, this is expected to change as the year progresses. Due to the large number of starts in 2003, there are still a large number of units under construction. As these units are completed, crews will be shifted to new projects. Demand for multiples is coming from many fronts: empty-nesters taking advantage of recent gains made in resale prices; an upsurge in immigration putting pressure on an already tight rental market; and government incentives for affordable housing projects. The forecast for multi-family starts in 2004 will remain high at 900 units, decreasing to 800 units in 2005.

Resales: The Winnipeg market has been experiencing extreme sellers' market conditions for nearly two years. This has been fuelled by strong demand and a severe lack of listings. Sales on the Winnipeg market will continue to have difficulty registering gains despite strong demand due to the lack of supply. Since resale activity in Manitoba is dominated by the Winnipeg market, it is expected that sales will grow only modestly to 11,800 units in 2004 and 12,000 units in 2005.

Prices: Prices in the Winnipeg market are expected to see double digit growth again this year fuelled by the sellers' market conditions. In other parts of the Province the CA's of Brandon and Portage are also experiencing sellers' market conditions. As a result the provincial MLS® price will see a substantial increase of 11 per cent to $118,500 and a 7.2% increase to $127,000 in 2005.

Provincial Highlight

The Winnipeg resale market is experiencing extreme conditions. While demand is strong, sales continue to be hampered by a lack of active listings, which were down by 26 per cent in May 2004 compared to the same month of 2003. As a result, the sales-to-active listings ratio has now crept well above 100 per cent and most listings are selling within days. New listings have slowly started to rebound. There were eight per cent more new listings in May of 2004 than in May of 2003, however active listings would have to double in order to return to a balanced market.

Under these conditions, average price continues to show strong gains. The average month-over-month price increase so far in 2004 has been four per cent. With potential buyers facing bidding wars for desirable properties, the majority (61%) of homes are selling at or above the listed price with 20 per cent of all homes selling over $10,000 above list price.

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Ontario

Overview

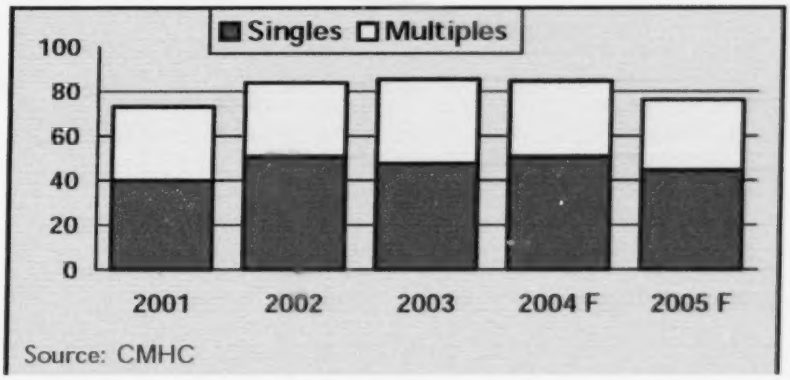
Strong Home Construction

Ontario's 2004 annual starts will total 84,500 units, close to a 15 year record. Single-detached and freehold row-home construction pulled second quarter housing starts up from a dip at the outset of this year. High home sales imply new home construction will remain strong to year end. Next year's new home demand will be mitigated by a creeping up of interest rates in an environment of moderate job growth. In 2005, housing starts will decrease to 76,500 units.

Low mortgage rates and appreciating home values have fuelled resale home markets. Annual home sales through the Multiple Listings Services® will reach a new all-time record this year. Sales-to-new-listings ratios, a leading indicator of home prices, are at levels consistent with above inflation home price growth in almost all the province's Real Estate Boards. The province's average resale home price is high and will rise close to two to three times the general rate of inflation.

Net migration to the province, a key driver of longer term housing demand, will edge up from last year. Growing immigration will be responsible for much of the population growth and will dwarf the growing net interprovincial out migration to other parts of Canada. On the economic front indicators are mixed. Exports to a growing United States economy have boosted manufacturing industry optimism. Consumer confidence is strong, albeit a bit lower than a few months ago. Retail sales are high but automobile purchases have waned. Job growth will be fairly strong inching up two per cent next year.

Ontario Starts (000's)



Source: CMHC

In Detail

Single Starts: Single home starts will edge up further in 2004 to 50,500 units. The mid 40s population, which tends to prefer ground oriented units and have the means to purchase them, is growing rapidly. High home prices in many of the province's larger centers such as Toronto will cause some to choose longer commutes for better home value. The anticipated rise of mortgage rates from two and a half years of very low values will nudge single detached starts down in 2005 to 45,000 units.

Multiple Starts: Multiple-family home starts peaked in 2003 and will edge lower, reaching 34,000 units in 2004. Attractive mortgage carrying costs will keep multiple family homes popular with first-time home buyers and those looking for the amenities downtown living offers. In 2005, multiple starts will edge lower to 31,500 units.

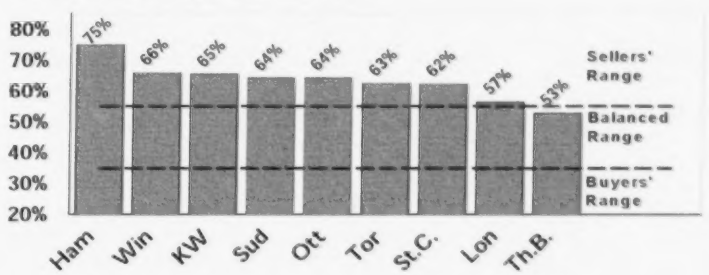
Resales: Home sales through the Multiple Listings Services continued strong in the second quarter of 2004 and are on track to an all time record. Resales are forecast to reach 193,600 units in 2004. Confident consumers and a growing supply of resale home listings will keep resale markets active. Next year sales will pull back marginally to 182,000 units as rising prices and mortgage rates make ownership slightly less affordable.

Prices: Home prices are high in most centres and rising rapidly. Home equity gains have encouraged increasing numbers of homeowners to sell their homes. And while sales have kept pace with the rising numbers of homes listed, the stage is set for price growth to ease. Expect price growth of 7.6 per cent in 2004. Price growth will moderate in 2005 to 4.1 per cent, but will remain at about double the general rate of inflation.

Provincial Highlight

Ontario markets in sellers' territory

Sales/(New Listings), SA, June 2004



Source: The Canadian Real Estate Association, CMHC

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Quebec

Overview

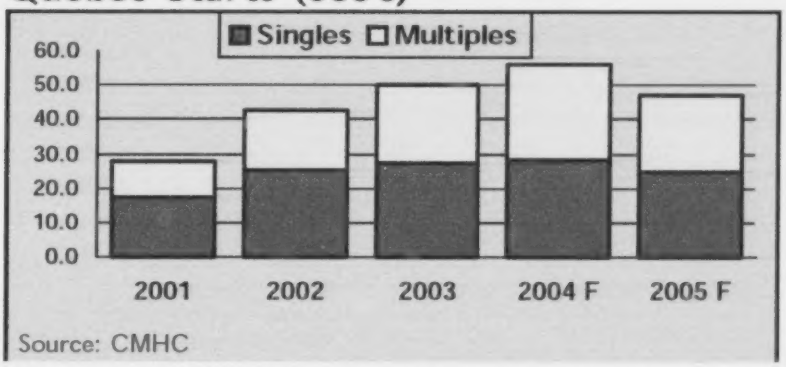
Continued strength in housing sector in 2004

A recovering American economy and continued low interest rates will sustain Quebec's domestic economy in 2004 as household spending - in particular that related to the housing sector - continues to rise and private sector investment grows. However, given the major importance of international trade for the province's economy, the net result will depend on the strength of the economic recovery south of the border. Now that significant job creation is occurring in the U.S. and the Canadian dollar has stabilized, demand for Quebec exports will be on the rise again. Apart from investment in certain key sectors (e.g. health care) public sector spending will be down in 2004 as deficit control continues to define the government's agenda.

As a result, GDP in Quebec should grow by just under 3 per cent in 2004. Meanwhile, as labour markets benefit from the recovery of international trade - especially those related to goods production sectors - productivity issues, mounting competition on international markets and several job cut announcements pose challenges to employment growth, which is forecast to stand at about 1.7 per cent in 2004. Quebec's unemployment rate will hover around 8.8 per cent.

These favourable economic conditions together with positive demographic factors will continue to support new home construction in 2004. Both the resale and new home markets will experience continued strength. Residential construction in Quebec will remain in growth mode as 56,000 homes are started in 2004. Starts in 2005 will drop to 47,000 units.

Quebec Starts (000's)



Source: CMHC

In Detail

Single Starts : Recently created employment, continued low mortgage rates, strong consumer confidence, and tight resale markets will continue to drive demand for new single detached homes and sustain construction in this market segment at levels seen during the past year. Current demand for single-detached housing will translate into 28,500 starts in 2004 and decline to 25,000 starts in 2005.

Multiple Starts : Following two years of strong growth, multiple housing construction in Quebec will remain in a growth mode in 2004 and decline noticeably in 2005 as demand cools. However, construction levels should remain relatively high in the short term as demand for condominiums and seniors' residences continues to be strong and rental markets remain tight. As a result, 27,500 multi-family starts are expected in 2004 and 22,000 in 2005.

Resales : Increasing inventories combined with still low mortgage rates and sustained demand for resales should make for a marginal increase in sales, which should edge up to approximately 70,180 units in 2004 and decreasing to 67,370 units the following year.

Prices : With increasing inventories and relatively constant demand, price growth in the existing home market will cool in 2004. However, sellers market conditions will persist, pushing prices upward. The average price in this market is expected to reach $167,250, up 10.0 per cent in 2004 and increase by 5.0 per cent to $175,600 in 2005.

Provincial Highlight

That international trade is a key ingredient in Quebec's economy is beyond question. During the past decade, international exports of goods and services has seen its share in the Quebec economy rise constantly. During that time, the share of exports destined to the U.S. rose substantially, passing from 35 per cent in the late eighties to 85 per cent a decade later. It is then no surprise that when the US economy slowed in 2001, so did Quebec exports. The hi-tech, automobile and soft wood lumber sectors were particularly hard hit.

Quebec exports grew by around six per cent during the first quarter of 2004 thanks to the recovery of US economy, and increased demand for certain natural resources such as aluminium, copper and electricity. Exports to Europe and to Asia were also up during this period.

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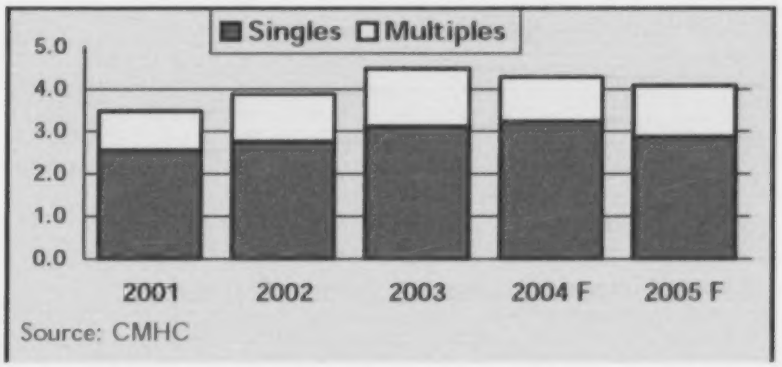
New Brunswick

Overview

Employment growth on the rise

Employment is expected to improve slightly from its weak performance in 2003. Major cuts in the public and service sectors constrained employment growth last year. Employment will recover this year due to a rebound of the service sector and continued growth in the construction sector, thanks to major capital projects such as the twinning of the Trans-Canada Highway and the conversion of the Coleson Cove Generating Station. Job growth and reduced auto insurance premiums should boost personal disposable income and stimulate consumer spending in 2004. However, tourism will remain relatively weak again this year due to higher gas prices and the strong Canadian dollar. Expect moderate employment growth of 1.2 per cent this year and a modest 2.2 per cent expansion in provincial GDP.

New Brunswick Starts (000's)



Source: CMHC

A recovering U.S. economy will stimulate demand for oil, wood and food products even further in 2005. As a result, both employment and economic growth will expand at a faster pace of 1.5 and 2.7 per cent in 2005.

Residential construction will also help fuel economic growth over the forecast period. Urbanization and continuing intra-provincial migration to southern urban areas will stimulate residential activity in 2004 and 2005. However, rising building material costs and mortgage rates will cause a decline in total housing starts. Our current forecast calls for 4,300 housing starts in 2004, dropping to 4,100 starts in 2005.

In Detail

Single Starts: A shortage of inventory of completed and unoccupied units combined with low mortgage rates continues to fuel demand for single-detached homes this year. Expect single starts to reach 3,250 units in 2004 before dropping to 2,900 units next year. Rising building material costs, mortgage rates, multiple starts and active listings on the resale market will cause single starts to decline in 2005.

Multiple Starts: Construction activity was off to a slow start this year due to severe winter conditions and the fact that many key builders focused on completing larger rental projects started in 2003. Activity will bounce back in the second half of 2004, but will unlikely match the 2003 levels. Many projects initially planned for 2004 will be postponed to 2005. As a result, expect multiple starts of 1,050 units in 2004 bouncing back in 2005 to 1,200 units.

Resales: An increasing supply of existing homes available for sale in most larger urban centres and lower resale home prices when compared to new homes will cause many households to opt for the resale market. Consequently, expect MLS® sales to reach record levels over the forecast period, expanding to 6,200 units in 2004 and 6,350 units in 2005.

Prices: Rising listings should ease resale market conditions, relieving some of the upward pressure on prices. However, homebuyers will continue to take advantage of relatively low mortgage rates to purchase more expensive homes. As a result, expect the average MLS® price to continue to rise to record levels over the forecast period. The average MLS® price is forecast to increase by 6.0 per cent in 2004 and by 3.3 per cent in 2005.

Provincial Highlight

Saint John's economy and labour market are expected to recover this year due to stronger growth in the manufacturing, service and construction sectors. A recent announcement by Archway Marketing Services to open a new call centre and to create 500 new jobs will continue to stimulate employment, offsetting job cuts at the Air Canada call centre. The manufacturing sector will benefit from an anticipated stronger U.S. economic recovery. Demand for manufactured products may be even stronger in 2005 should the value of the Canadian dollar depreciate. Non-residential construction is also expected to remain strong over the next 2 years, thanks to projects such as the $750-million Coleson Cove refurbishment, the estimated $85 million 90-megawatt cogeneration plant and the $100 million investment by Irving Oil to upgrade its refinery. Improving labour market conditions should reduce out-migration, and stimulate consumer confidence and housing demand.

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Nova Scotia

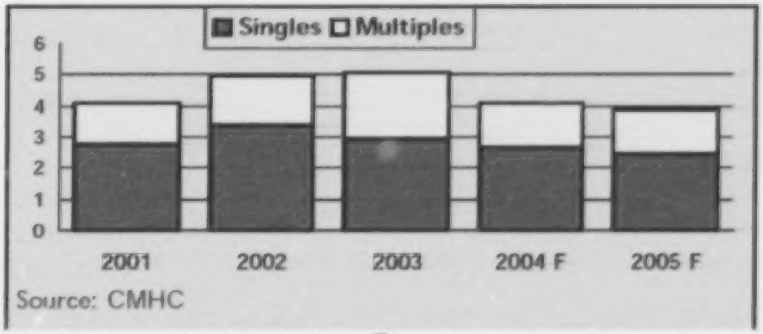
Overview

Descending from the peak

The provincial housing market has experienced a flurry of activity in the second quarter of this year due to the release of demand that was pent-up by the impact of Hurricane Juan and subsequent harsh winter weather, as well as rising mortgage rates that prodded indecisive buyers to act. However, this flurry is expected to pass by midsummer with a steady deceleration in housing activity across the province over the remainder of this year and through 2005, with the notable exception of the renovation sector which is expected to remain strong.

Nova Scotia posted the weakest economic growth among the provinces last year and growth will remain relatively weak in 2005, capping employment growth below 2.5 per cent. While the concurrent recovery of the U.S. and Canadian economies is expected to revive the provincial trade industry from a poor year in 2003, this will be offset by slower growth in several other industries. The construction industry will be facing subsiding housing demand conditions, food production will be hampered by a lacklustre lobster season and the utilities sector will suffer the effects of a prolonged strike at Aliant. While the Congrès Mondial Acadien holds promise for the tourism industry this year, high gasoline prices and the U.S. election may keep American tourists at home. Consequently, continuing weakness in the economy and labour market in concert with rising home ownership carrying costs will be the instrumental factors in the forecast decline in the Nova Scotia housing market in 2004 and 2005. Total housing starts in Nova Scotia are forecast to fall from 5,096 last year to 4,100 this year and slip further to 3,875 next year.

Nova Scotia Starts (000's)



Source: CMHC

In Detail

Single Starts: Single starts are forecast to decline by 10.7 per cent to 2,650 units this year and 7.5 per cent to 2,450 units in 2005. Softening resale market conditions later this year in areas such as Metro Halifax and the South Shore will take some of the pressure off of the single family home building sector. Furthermore, an uncertain outlook for the availability of an adequate choice of building lots in preferred areas of Metro Halifax as well as in the Annapolis Valley will also factor into the forecast decline in single starts over the forecast horizon.

Multiple Starts: With Metro Halifax rental market conditions relaxing and pent-up demand for condominiums finally seeming to be exhausted, expect apartment construction in the province to fall significantly in 2004 and to stabilize in 2005. With home ownership demand fading from a cyclical peak level, declines in semi-detached and row starts are also expected to occur. As a result, total multiple starts are forecast to hover between 1,450 and 1,425 annually in 2004 and 2005.

Resales: After falling by over 1,000 sales last year, annual existing home sales are expected to decline by a more modest 500 transactions to 8,725 units this year and another 375 transactions to 8,350 units in 2005. Inadequate choice of listings in the Metro Halifax market will hold resale market activity below capacity in 2004 before aggregate home ownership demand fades in 2005 due to recent and continuing weakness in the economy and labour market.

Prices: Resale market price growth is beginning to decelerate, a trend that is expected to continue over the next 18 months as several markets across the province retreat from seller's market conditions. The average price for existing homes will increase by 6.4 per cent in 2004 and 2.4 per cent in 2005. However, rising construction costs will bring about strong growth in new home prices this year before losing momentum in 2005.

Provincial Highlight

Updating our spotlight on Halifax Regional Municipality's Interim Growth Controls in the 2nd Quarter edition of Canadian Housing Outlook- National Edition, our analysis and forecast of the Metro Halifax market indicates that there are enough unserviced building lots in the combination of existing inventory and anticipated new supply flow to meet the anticipated nominal demand for single detached housing starts (1150 units) in unserviced areas through the end of next year. However, as the inventory of building lots continues to dwindle, expect annual average building lot price growth in the 8 to 10 per cent range in both 2004 and 2005 as buyers and builders face 'developer's market' conditions.

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P.E.I.

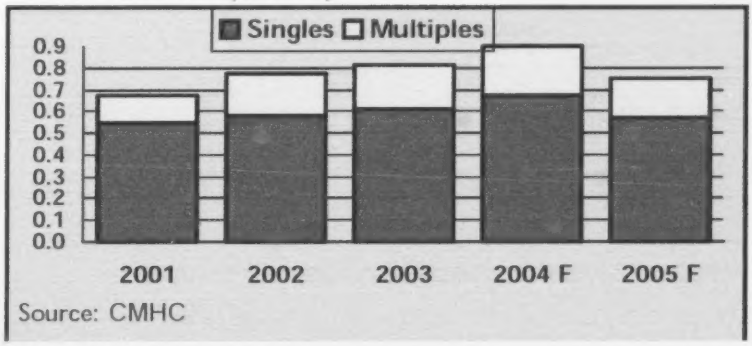
Overview

Moderate economic growth expected in 2004

The strong Canadian dollar will continue to hurt some of the Island's key sectors, mainly tourism, agriculture and fisheries. The agriculture sector has also been hit hard with both the BSE concern, and a surplus of potatoes from the 2003 growing season. Considering that farming and fisheries represent about 70 per cent of provincial exports, profit margins will only improve once the Canadian dollar weakens. In the meantime, these key sectors will provide a relatively weak contribution to the province's economic growth.

Non-residential investment will remain strong over the forecast period. The new federal government building in Charlottetown and the beef processing plant in Borden-Carleton are the two major projects that will boost non-residential construction activity in 2004-2005.

P.E.I. Starts (000's)



Source: CMHC

As a result, expect the provincial economy to expand at a moderate pace of 1.5 and 2 per cent in 2004 and 2005, respectively. Employment growth will also remain relatively weak over the forecast period as no solid performance is expected by the majority of key sectors. Our current forecast indicates a 0.9 per cent growth in 2004 before rising to 1.5 per cent next year.

Despite moderate economic and employment growth, residential construction will rise this year as a result of the continued strength of single starts in the Charlottetown area, as well as a pick-up in multiple starts in Summerside. A slowdown in both single and multiple starts will then cause a drop in total housing starts in 2005. Expect total housing starts to reach 900 units in 2004 before an anticipated 16.7 per cent drop in 2005 to 750 units.

In Detail

Single Starts: The construction of single-family homes is expected to remain strong with 670 units in 2004, exceeding last years' high levels by over 9 per cent. Construction will occur mainly in the Charlottetown area, as a large number of new serviced lots will become available this year, but starts are expected to rise in both urban centres. Single starts will decrease to 575 units in 2005.

Multiple Starts: Due to a rise in semi-detached and row housing, multiple starts in 2004 will exceed last year's levels. Construction will be particularly strong in Charlottetown. Developers will unlikely start as many projects in 2005 as they will wait for most of the units in the latest projects to be absorbed into the local market. Expect 230 and 175 units to be started in 2004 and 2005, respectively.

Resales: MLS® sales are expected to remain flat over the forecast period at the relatively high level of 1,200 units. This is a sign of a solid market considering expected rise in mortgage rates, the low levels of new listings in the key urban markets and the fact that most other Canadian provinces expect a slowdown in sales over the next 2 years.

Prices: Rising mortgage rates will cause a drop in the number of households that can afford to buy their first home. A higher ratio of move-up buyers will cause the average sales price to rise to $103,000 (up 3.6 per cent) and $105,000 (up 1.9 per cent) in 2004 and 2005, respectively.

Provincial Highlight

Tourism plays a key role in Prince Edward Island's economy. In fact, tourism represents more than 4 per cent of the Island's GDP, the largest ratio of all provinces after British Columbia. Unfortunately, tourism has suffered from a substantial drop in international visitors last year due to geopolitical events, SARS and the rising value of the Canadian dollar. Furthermore, a strong Canadian dollar has made it more attractive for Canadians to entertain a trip south of the border. This is not good news for the industry as the majority of visitors originate from somewhere else in Canada.

Economists expected a recovery of the tourism industry in P.E.I. this year and in 2005. However, the recent rise in gas prices combined with a relatively high Canadian dollar again this summer will somewhat offset these predictions and consequently, the sector's contribution to the province's economic growth.

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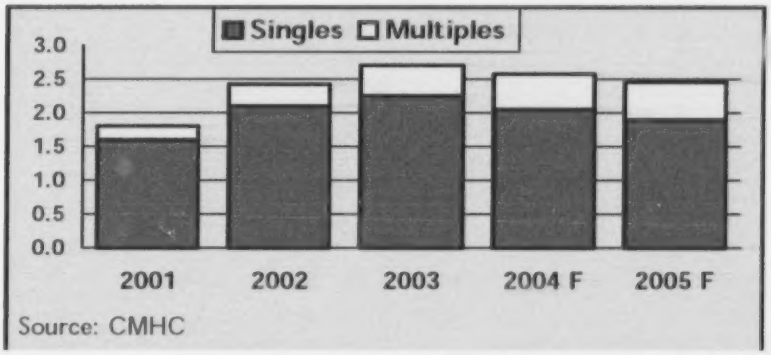
Newfoundland and Labrador

Overview

Winding down of major projects and provincial government cutbacks underpin decline in GDP in 2005

With development activity on the White Rose and Voisey's Bay projects falling from this year's peak, and provincial government cutbacks becoming more pronounced, expect economic growth to turn slightly negative in 2005. Offshore oil production is also forecast to decline modestly this year and next, further contributing to the economic slowdown. Real GDP is forecast to edge down by a modest 1.0 per cent in 2005, marking the first such decline since 1996. However, in 2004 provincial GDP will increase by 1.5 per cent due to expenditures on Voisey's Bay and White Rose, which will peak this year. The provincial economy will continue to benefit from underlying strength in other sectors, and in particular consumer spending.

Newfoundland and Labrador Starts (000's)



Source: CMHC

Although consumer spending will increase over the forecast period, the pace of expansion will moderate in line with slowing income and employment growth. Following a 1.0 per cent rise this year, job growth will ease to 0.5 per cent in 2005. After turning positive in 2003, total net migration will once again be negative in 2004 and 2005 due to weaker economic conditions. While the St. John's region will also be affected by these factors, a more diversified economy and ongoing urbanization trends will help to cushion the overall impacts. Housing starts will decrease to 2,575 units in 2004 falling further in 2005 to 2,450 units.

In Detail

Single Starts: Rising prices stemming from increased construction costs and strong demand will continue to support the shift to more affordable medium density housing options. Out migration from rural areas along with economic weakness in a number of urban centres outside St. John's will also have a dampening impact on single starts in 2004 and 2005. However, declines will be modest with single starts reaching 2,050 units in 2004 and 1,900 units in 2005. At these levels, single starts remain quite strong in historical terms.

Multiple Starts: Shifting demographics associated with an aging population and demand spillover from the singles market will remain the key drivers behind the outlook for continued strength in multiple unit starts. Multiple starts will increase to 525 units in 2004 and to 550 units in 2005. Demand for multiples will remain concentrated in the ownership side of the market. Public sector investment in affordable housing will also help sustain multiple starts in 2004/05.

Resales: Favourable interest rates, migration to the St. John's region and a steady increase in the number of new home sold through the MLS ® system will keep provincial sales growing at a brisk pace. We anticipate another record year in 2004 as existing home sales climb to 3,250 units. However, sales will decrease modestly in 2005 to 3,100 units.

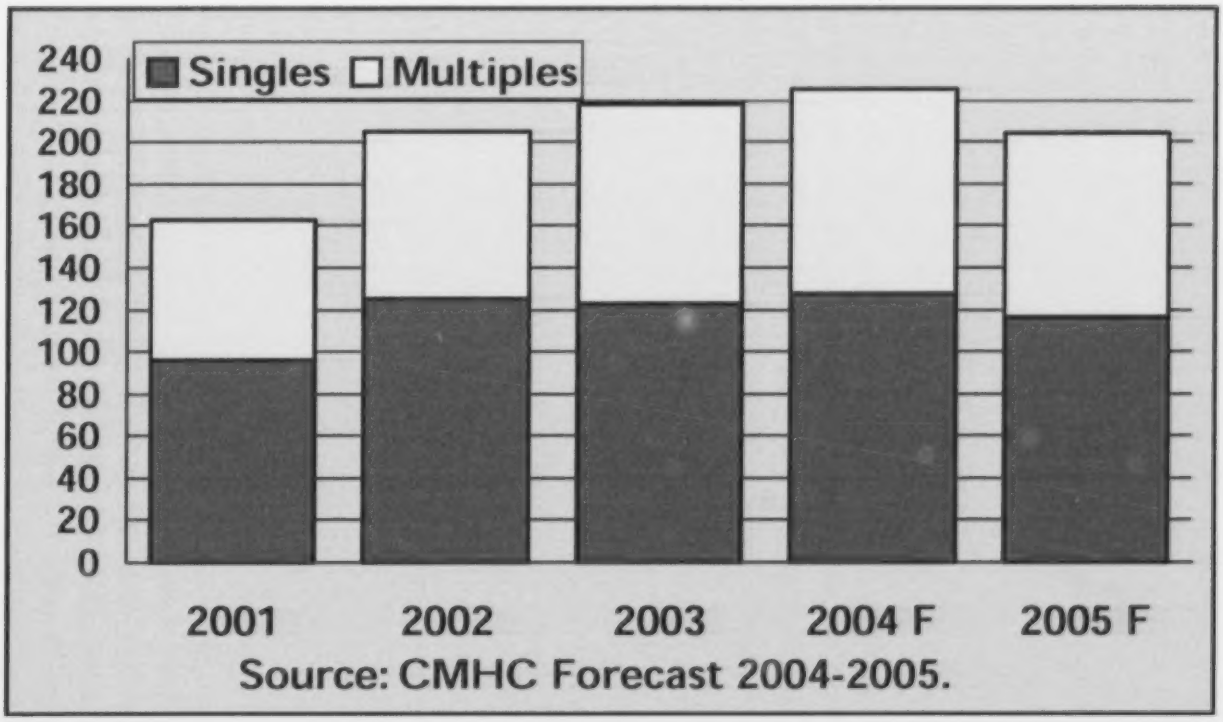
Prices: With demand continuing to outstrip supply and sales of more expensive new homes through the MLS ® system steadily rising, average prices are forecast to advance almost 7.0 per cent in 2004 and a further 5.0 per cent in 2005.

Provincial Highlight

Similar to the overall economy, consumer spending within the province has also experienced significant growth since 1996. As the largest component of GDP it has also been one of the main contributors to the economic expansion. In real terms, consumer spending posted average annual growth of 2.8 per cent between 1996 and 2003. Newfoundland and Labrador has also led the nation in per capita consumer spending growth in recent years. Between 1996 and 2002, real spending per capita grew by 28.5%, more than 12 percentage points higher than the national average. While rising employment and incomes have been major factors behind this impressive growth, favourable interest rates and optimism amongst consumers have also provided a boost. Without a doubt, home buying activity has been a major beneficiary of these conditions as evidenced by record levels of resale activity and the highest number of housing starts in over a decade.

Contact: Brian Martin (709) 772-4034, bmartin@cmhc-schl.gc.ca

Canada Starts (000's)



Total Housing Starts (units and annual percent change)

	1999	2000	2001	2002	2003	2004(F)	2005 (F)
NFLD	1,371	1,459	1,788	2,419	2,692	2,575	2,450
%	-5.4	6.4	22.5	35.3	11.3	-4.3	-4.9
PEI	616	710	675	775	814	900	750
%	17.6	15.3	-4.9	14.8	5.0	10.6	-16.7
NS	4,250	4,432	4,092	4,970	5,096	4,100	3,875
%	35.5	4.3	-7.7	21.5	2.5	-19.5	-5.5
NB	2,776	3,079	3,462	3,862	4,489	4,300	4,100
%	13.4	10.9	12.4	11.6	16.2	-4.2	-4.7
QUE	25,742	24,695	27,682	42,452	50,289	56,000	47,000
%	11.3	-4.1	12.1	53.4	18.5	11.4	-16.1
ONT	67,235	71,521	73,282	83,597	85,180	84,500	76,500
%	24.9	6.4	2.5	14.1	1.9	-0.8	-9.5
MAN	3,133	2,560	2,963	3,617	4,206	4,300	4,000
%	8.2	-18.3	15.7	22.1	16.3	2.2	-7.0
SASK	3,089	2,513	2,381	2,963	3,315	3,400	3,150
%	4.2	-18.6	-5.3	24.4	11.9	2.6	-7.4
ALTA	25,447	26,266	29,174	38,754	36,171	33,900	30,000
%	-6.2	3.2	11.1	32.8	-6.7	-6.3	-11.5
BC	16,309	14,418	17,234	21,625	26,174	31,700	32,400
%	-18.2	-11.6	19.5	25.5	21.0	21.1	2.2
Canada	149,968	151,653	162,733	205,034	218,426	*225,700	*204,200
%	9.1	1.1	7.3	26.0	6.5	3.3	-9.5

Source: CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	1,233	1,315	1,598	2,092	2,240	2,050	1,900
%	13.5	6.7	21.5	30.9	7.1	-8.5	-7.3
PEI	472	614	551	582	613	670	575
%	22.0	30.1	-10.3	5.6	5.3	9.3	-14.2
NS	3,345	2,856	2,761	3,363	2,968	2,650	2,450
%	48.2	-14.6	-3.3	21.8	-11.7	-10.7	-7.5
NB	2,201	2,442	2,573	2,769	3,139	3,250	2,900
%	10.7	10.9	5.4	7.6	13.4	3.5	-10.8
QUE	15,798	15,349	17,193	25,257	27,225	28,500	25,000
%	7.6	-2.8	12.0	46.9	7.8	4.7	-12.3
ONT	39,421	41,087	39,632	51,114	47,610	50,500	45,000
%	20.4	4.2	-3.5	29.0	-6.9	6.1	-10.9
MAN	2,231	2,348	2,460	3,016	3,165	3,400	3,200
%	-5.8	5.2	4.8	22.6	4.9	7.4	-5.9
SASK	2,070	1,890	1,627	1,931	2,097	2,200	2,100
%	-3.9	-8.7	-13.9	18.7	8.6	4.9	-4.5
ALTA	16,688	16,835	19,769	24,520	21,918	20,500	19,000
%	-16.9	0.9	17.4	24.0	-10.6	-6.5	-7.3
BC	8,731	7,448	7,862	10,730	12,252	14,000	14,100
%	0.5	-14.7	5.6	36.5	14.2	14.3	0.7
CAN	92,190	92,184	96,026	125,374	123,200	*127,700	*116,200
%	6.7	0.0	4.2	30.6	-1.7	3.7	-9.0

Source: CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	138	144	190	327	452	525	550
%	-62.1	4.3	31.9	72.1	38.2	16.2	4.8
PEI	144	96	124	193	201	230	175
%	5.1	-33.3	29.2	55.6	4.1	14.4	-23.9
NS	905	1,576	1,331	1,607	2,128	1,450	1,425
%	2.8	74.1	-15.5	20.7	32.4	-31.9	-1.7
NB	575	637	889	1,093	1,350	1,050	1,200
%	25.5	10.8	39.6	22.9	23.5	-22.2	14.3
QUE	9,944	9,346	10,489	17,195	23,064	27,500	22,000
%	17.6	-6.0	12.2	63.9	34.1	19.2	-20.0
ONT	27,814	30,434	33,650	32,483	37,570	34,000	31,500
%	31.9	9.4	10.6	-3.5	15.7	-9.5	-7.4
MAN	902	212	503	601	1,041	900	800
%	71.2	-76.5	137.3	19.5	73.2	-13.5	-11.1
SASK	1,019	623	754	1,032	1,218	1,200	1,050
%	25.6	-38.9	21.0	36.9	18.0	-1.5	-12.5
ALTA	8,759	9,431	9,405	14,234	14,253	13,400	11,000
	24.3	7.7	-0.3	51.3	0.1	-6.0	-17.9
BC	7,578	6,970	9,372	10,895	13,922	17,700	18,300
%	-32.6	-8.0	34.5	16.3	27.8	27.1	3.4
CAN	57,778	59,469	66,707	79,660	95,200	*98,000	*88,000
%	13.3	2.9	12.2	19.4	19.5	2.9	-10.2

Source: CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NF	Semi-detached	50	44	30	36	66	200	200
	Row	9	23	36	42	107	30	50
	Apartment	79	77	124	249	279	295	300
	Total	138	144	190	327	452	525	550
PEI	Semi-detached	32	46	56	64	72	70	60
	Row	31	21	10	47	40	60	40
	Apartment	81	29	58	82	89	100	75
	Total	144	96	124	193	201	230	175
NS	Semi-detached	218	266	228	253	338	200	175
	Row	29	17	40	144	277	250	225
	Apartment	658	1,293	1,063	1,210	1,513	1,000	1,025
	Total	905	1,576	1,331	1,607	2,128	1,450	1,425
NB	Semi-detached	134	113	114	186	254	265	250
	Row	94	26	153	68	143	150	150
	Apartment	347	498	622	839	953	635	800
	Total	575	637	889	1,093	1,350	1,050	1,200
QC	Semi-detached	1,586	1,291	1,309	1,855	2,432	2,700	2,200
	Row	1,184	858	869	964	773	1,000	800
	Apartment	7,174	7,197	8,311	14,376	19,859	23,800	19,000
	Total	9,944	9,346	10,489	17,195	23,064	27,500	22,000
ON	Semi-detached	6,445	7,167	7,106	6,886	6,379	5,800	5,500
	Row	10,425	10,846	10,269	11,849	12,191	13,650	12,700
	Apartment	10,944	12,421	16,275	13,748	19,000	14,550	13,300
	Total	27,814	30,434	33,650	32,483	37,570	34,000	31,500
MAN	Semi-detached	90	52	51	68	88	80	70
	Row	151	63	84	76	62	70	60
	Apartment	661	97	368	457	891	750	670
	Total	902	212	503	601	1,041	900	800
SK	Semi-detached	155	148	116	142	95	100	150
	Row	104	173	240	456	594	400	300
	Apartment	760	302	398	434	529	700	600
	Total	1,019	623	754	1,032	1,218	1,200	1,050
ALB	Semi-detached	1,570	1,518	1,957	2,869	2,567	2,400	2,200
	Row	1,424	1,545	1,779	2,531	2,859	2,400	2,100
	Apartment	5,765	6,368	5,669	8,834	8,827	8,600	6,700
	Total	8,759	9,431	9,405	14,234	14,253	13,400	11,000
B.C.	Semi-detached	816	885	916	1,225	1,353	1,550	1,600
	Row	1,444	1,675	1,686	2,305	3,297	4,100	4,250
	Apartment	5,318	4,410	6,770	7,365	9,272	12,050	12,450
	Total	7,578	6,970	9,372	10,895	13,922	17,700	18,300
CAN	Semi-detached	11,096	11,530	11,883	13,584	13,644	13,365	12,405
	Row	14,895	15,247	15,166	18,482	20,343	22,110	20,675
	Apartment	31,787	32,692	39,658	47,594	61,212	62,480	54,920
	Total	57,778	59,469	66,707	79,660	95,200	*98,000	*88,000

Source: CMHC Forecast 2004-2005.
* Total does not add due to rounding.

Total Residential Resales (units and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	2,437	2,593	2,808	3,014	3,238	3,250	3,100
%	6.5	6.4	8.3	7.3	7.4	0.4	-4.6
PEI	1,184	1,206	1,234	1,221	1,146	1,200	1,200
%	5.2	1.9	2.3	-1.1	-6.1	4.7	0.0
NS	8,827	8,577	9,441	10,243	9,221	8,725	8,350
%	9.6	-2.8	10.1	8.5	-10.0	-5.4	-4.3
NB	4,376	4,524	4,779	5,089	5,489	6,200	6,350
%	12.0	3.4	5.6	6.5	7.9	13.0	2.4
QUE	52,381	57,002	65,962	67,179	67,481	70,180	67,370
%	10.6	8.8	15.7	1.8	0.4	4.0	-4.0
ONT	148,659	147,158	162,318	177,406	184,457	193,600	182,000
%	7.4	-1.0	10.3	9.3	4.0	5.0	-6.0
MAN	10,867	10,612	11,440	11,108	11,523	11,800	12,000
%	1.0	-2.3	7.8	-2.9	3.7	2.4	1.7
SASK	8,053	7,552	7,971	7,933	7,698	8,000	7,700
%	-0.2	-6.2	5.5	-0.5	-3.0	3.9	-3.8
ALTA	42,684	43,311	48,989	51,042	51,334	54,000	50,000
%	-1.6	1.5	13.1	4.2	0.6	5.2	-7.4
BC	58,084	54,179	69,554	82,737	93,095	100,000	95,000
%	9.8	-6.7	28.4	19.0	12.5	7.4	-5.0
CAN**	337,552	336,714	384,496	416,972	434,682	*457,000	*433,100
%	6.7	-0.2	14.2	8.4	4.3	5.1	-5.2

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price (dollars and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	94,359	99,525	104,376	113,081	119,822	128,000	134,000
%	3.1	5.5	4.9	8.3	6.0	6.8	4.7
PEI	82,138	82,883	87,696	95,117	99,422	103,000	105,000
%	3.2	0.9	5.8	8.5	4.5	3.6	1.9
NS	102,628	109,839	115,485	126,669	136,292	145,000	148,500
%	5.8	7.0	5.1	9.7	7.6	6.4	2.4
NB	88,072	91,624	95,947	100,129	105,858	112,250	116,000
%	2.5	4.0	4.7	4.4	5.7	6.0	3.3
QUE	106,487	110,284	114,660	130,913	152,042	167,250	175,600
%	3.2	3.6	4.0	14.2	16.1	10.0	5.0
ONT	174,049	183,841	193,357	210,699	226,824	244,000	254,000
%	4.1	5.6	5.2	9.0	7.7	7.6	4.1
MAN	86,423	87,884	93,192	96,531	106,788	118,500	127,000
%	0.0	1.7	6.0	3.6	10.6	11.0	7.2
SASK	91,396	94,047	98,310	101,297	104,995	109,000	113,000
%	4.4	2.9	4.5	3.0	3.7	3.8	3.7
ALTA	139,621	146,258	153,737	170,253	182,845	193,000	204,000
%	5.1	4.8	5.1	10.7	7.4	5.6	5.7
BC	215,283	221,371	222,822	238,877	259,968	292,000	308,000
%	1.5	2.8	0.7	7.2	8.8	12.3	5.5
CAN**	157,634	163,420	171,076	188,904	207,199	*226,200	*236,500
%	3.7	3.7	4.7	10.4	9.7	9.2	4.6

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	5.5	-0.2	3.3	1.2	1.8	1.0	0.5
PEI	1.5	5.3	2.0	1.8	2.6	0.9	1.5
NS	2.4	2.7	0.9	1.2	1.7	2.2	2.5
NB	3.3	1.8	0.0	3.3	-0.2	1.2	1.5
QUE	2.3	2.4	1.1	3.4	1.6	1.7	2.0
ONT	3.6	3.2	1.5	1.8	2.6	1.8	2.0
MAN	1.3	2.2	0.6	1.6	0.3	1.2	1.4
SASK	0.8	1.0	-2.6	2.0	1.0	1.0	1.3
ALTA	2.5	2.3	2.8	2.6	2.9	2.3	2.3
BC	1.9	2.2	-0.3	1.6	2.5	2.2	2.0
CAN	2.8	2.6	1.1	2.2	2.2	1.8	2.0

Sources: Statistics Canada, CMHC Forecast 2004-2005.
(F) Forecast.

Unemployment Rate (percent)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	16.9	16.7	16.1	17.0	16.7	16.3	16.0
PEI	14.4	12.0	11.9	12.1	11.0	11.5	11.4
NS	9.6	9.1	9.7	9.7	9.3	8.9	8.3
NB	10.2	10.0	11.2	10.5	10.6	10.2	9.9
QUE	9.3	8.4	8.7	8.6	9.1	8.8	8.8
ONT	6.3	5.7	6.3	7.1	7.0	6.9	6.7
MAN	5.6	4.9	5.0	5.2	5.0	5.1	5.0
SASK	6.1	5.2	5.8	5.6	5.6	5.1	4.8
ALTA	5.7	5.0	4.6	5.3	5.1	4.6	4.4
BC	8.3	7.2	7.7	8.5	8.1	7.6	7.3
CAN	7.6	6.8	7.2	7.6	7.6	7.3	7.2

Sources: Statistics Canada, CMHC Forecast 2004-2005.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	5.5	5.8	0.9	15.4	6.5	1.5	-1.0
PEI	4.2	3.0	0.2	5.7	1.9	1.5	2.0
NS	5.5	4.0	2.6	4.4	0.9	2.2	2.5
NB	6.2	3.1	1.0	4.0	2.6	2.2	2.7
QUE	6.2	4.7	1.8	4.0	1.6	2.9	3.2
ONT	7.5	5.6	1.8	3.6	1.3	2.8	3.4
MAN	1.6	4.6	1.2	2.1	1.4	2.5	2.7
SASK	0.2	3.2	-0.7	-1.5	4.5	2.5	2.9
ALTA	1.4	5.7	2.7	1.5	2.2	3.8	3.6
BC	3.2	4.8	-0.1	2.4	2.2	3.0	3.3
CAN	5.5	5.3	1.9	3.3	2.0	3.0	3.4

Sources: Statistics Canada, CMHC Estimate 2003, CMHC Forecast 2004-2005.
(F) Forecast.

Total Net Migration* (persons)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	-3,384	-4,725	-3,850	-1,950	233	-803	-753
PEI	366	20	329	321	617	544	470
NS	2,313	-564	-334	1,002	1,404	766	817
NB	35	-1,411	-1,331	410	-912	-279	223
QUE	10,983	14,848	26,557	25,925	28,743	34,993	36,993
ONT	109,972	151,099	158,339	125,674	92,347	97,841	103,556
MAN	820	-377	-973	2,442	3,873	5,961	5,565
SASK	-6,102	-7,648	-7,979	-6,324	-3,056	-2,243	-2,712
ALTA	27,793	34,012	36,820	27,084	20,446	24,200	24,766
BC	16,231	14,483	28,231	20,459	29,345	32,871	35,175
CAN**	159,027	199,737	235,809	195,043	173,040	*193,850	*204,100

Sources: Statistics Canada, CMHC Estimate 2003, CMHC Forecast 2004-2005.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate structures of 3 units +
Victoria	2003	2,008	969	7.8	7,581	280,625	1.1
	2004(F)	2,280	1,040	10.5	8,100	310,000	1.3
	2005(F)	2,165	1,020	6.0	7,900	314,000	2.2
Vancouver	2003	15,626	5,382	3.3	39,022	329,447	2.0
	2004(F)	19,500	6,000	5.0	40,000	370,000	2.5
	2005(F)	20,000	6,100	4.5	38,000	390,000	2.5
Abbotsford	2003	1,056	634	n.a.	3,647	n.a.	2.5
	2004(F)	1,180	680	n.a.	3,900	220,000	2.8
	2005(F)	1,225	710	n.a.	3,700	233,000	2.6
Edmonton	2003	12,380	6,391	5.8	16,277	165,541	3.4
	2004(F)	10,750	5,750	4.0	17,250	178,000	5.0
	2005(F)	9,000	5,200	3.5	16,250	186,000	4.5
Calgary	2003	13,642	8,526	5.2	24,359	211,155	4.4
	2004(F)	12,450	7,750	5.2	25,000	221,800	5.0
	2005(F)	11,600	7,400	4.0	24,000	231,500	4.5
Saskatoon	2003	1,455	676	2.9	2,848	125,191	4.5
	2004(F)	1,300	700	5.0	3,000	132,000	4.0
	2005(F)	1,400	700	4.0	3,200	138,000	3.0
Regina	2003	889	521	6.2	2,640	104,419	2.1
	2004(F)	700	500	6.0	2,800	108,000	3.0
	2005(F)	700	500	5.0	2,900	112,000	2.0
Winnipeg	2003	2,430	1,641	3.7	10,201	108,812	1.3
	2004(F)	2,400	1,750	4.0	10,400	122,000	1.4
	2005(F)	2,110	1,600	3.5	10,700	131,500	1.7
Thunder Bay	2003	211	199	1.0	1,662	111,927	3.3
	2004(F)	280	210	1.5	1,712	114,166	3.6
	2005(F)	300	250	1.5	1,806	117,591	4.2
Sudbury	2003	306	296	1.0	2,191	117,359	3.6
	2004(F)	330	320	1.5	2,301	121,006	3.3
	2005(F)	380	330	1.5	2,393	124,034	3.9
Windsor	2003	2,237	1,632	0.1	5,381	151,524	4.3
	2004(F)	2,305	1,575	0.2	5,500	157,000	4.8
	2005(F)	2,155	1,500	0.3	5,000	160,000	4.2
London	2003	3,027	1,893	4.7	8,412	153,637	2.1
	2004(F)	3,190	2,100	5.2	8,950	168,900	2.9
	2005(F)	2,435	1,700	2.9	8,000	170,500	2.7
Kitchener	2003	3,955	2,663	3.3	5,310	188,905	3.2
	2004(F)	3,844	2,350	3.4	5,600	208,000	3.6
	2005(F)	3,614	2,200	3.2	5,350	218,000	3.2
St. Catharines-Niagara	2003	1,444	1,154	4.9	6,174	154,550	2.7
	2004(F)	1,620	1,200	4.7	6,700	164,500	2.9
	2005(F)	1,445	1,100	3.5	6,150	170,500	3.0
Hamilton	2003	3,260	1,743	6.3	12,807	197,744	3.0
	2004(F)	3,880	1,730	6.3	12,800	213,000	3.0
	2005(F)	4,030	1,780	6.5	13,000	231,000	2.5
Toronto	2003	45,475	19,626	4.7	79,366	293,308	3.8
	2004(F)	42,500	21,000	5.5	83,000	317,000	4.8
	2005(F)	38,000	18,000	4.0	77,000	331,000	5.5

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS* sales	MLS* average price	Rental vacancy rate Structures of 3 units +
Oshawa	2003	3,907	3,074	n.a.	9,025	219,341	2.9
	2004(F)	3,612	2,800	n.a.	9,700	240,000	3.2
	2005(F)	3,390	2,600	n.a.	9,000	253,000	3.3
Kingston	2003	1,131	718	n.a.	3,651	159,694	1.9
	2004(F)	950	700	n.a.	3,800	174,500	2.5
	2005(F)	900	650	n.a.	3,900	184,000	2.6
Ottawa	2003	6,381	3,055	3.8	12,877	219,713	2.9
	2004(F)	6,600	3,100	4.2	13,400	237,500	3.0
	2005(F)	6,200	2,900	4.4	12,900	248,000	2.7
Gatineau*	2003	2,801	1,507	n.a.	4,602	129,933	1.2
	2004(F)	2,600	1,400	3.8	4,300	143,000	1.7
	2005(F)	2,300	1,250	3.0	4,000	150,000	2.0
Montreal*	2003	24,321	10,360	7.4	35,323	185,883	1.0
	2004(F)	26,000	10,150	7.0	37,000	208,000	1.5
	2005(F)	23,500	9,100	6.0	35,000	220,000	2.0
Trois Rivieres*	2003	635	346	n.a.	799	90,941	1.5
	2004(F)	550	300	n.a.	750	97,000	2.0
	2005(F)	490	260	n.a.	730	100,000	3.0
Sherbrooke*	2003	1,070	511	n.a.	1,291	117,000	0.7
	2004(F)	1,190	451	n.a.	1,250	131,000	1.0
	2005(F)	900	350	n.a.	1,100	133,600	1.7
Quebec*	2003	5,599	2,674	9.1	6,420	124,300	0.5
	2004(F)	6,000	2,800	6.0	6,900	135,000	1.0
	2005(F)	5,000	2,700	4.0	6,500	140,000	1.8
Saguenay*	2003	435	244	n.a.	1,014	94,625	5.2
	2004(F)	300	220	n.a	950	99,000	4.7
	2005(F)	290	200	n.a	850	101,500	4.2
Saint John	2003	580	405	2.9	1,636	106,473	5.2
	2004(F)	550	430	2.0	1,750	114,000	4.8
	2005(F)	615	425	2.0	1,800	117,500	4.5
Halifax	2003	3,066	1,483	4.1	5,813	162,486	2.3
	2004(F)	2,450	1,250	4.2	5,300	176,000	3.0
	2005(F)	2,325	1,150	3.6	5,100	180,000	2.7
St. John's	2003	1,604	1,213	4.4	3,119	121,292	2.0
	2004(F)	1,650	1,200	4.0	3,125	129,000	2.0
	2005(F)	1,600	1,150	3.0	3,000	135,000	2.5
Charlottetown	2003	483	310	1.0	506	118,188	3.4
	2004(F)	485	325	2.5	500	122,000	4.0
	2005(F)	435	300	2.0	500	124,000	3.5
ALL METRO AREAS	2003	161,414	79,846	4.8	313,954		2.2
	2004(F)	161,446	79,781	5.2	325,638		2.8
	2005(F)	148,504	73,125	4.2	309,729		3.1

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2004-2005
n.a.: data not available
* the data for Quebec is gathered from the local real estate boards

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly percent change)

	02:Q3	02:Q4	03:Q1	03:Q2	03:Q3	03:Q4	04:Q1	04:Q2
New housing								
Building permits, units, thousands	221.1	214.4	210.4	215.5	232.0	232.0	231.9	n.a.
%	1.2	-3.0	-1.9	2.4	7.7	0.0	-0.1	n.a.
Housing starts, total, thousands	204.3	210.9	220.9	202.2	229.2	226.2	22.5.5	232.7
%	2.3	3.2	4.7	-8.5	13.4	-1.3	-0.3	3.2
Housing starts, singles, thousands	125.0	127.9	123.0	118.0	125.1	128.1	129.1	125.9
%	0.1	2.3	-3.8	-4.1	6.0	2.4	0.8	-2.5
Housing starts, multiples, thousands	79.3	83.0	97.9	84.2	104.1	98.1	96.4	106.8
%	6.0	4.7	18.0	-14.0	23.6	-5.8	-1.7	10.8
Housing completions, total, thousands	54.7	54.3	40.8	47.8	55.7	55.0	45.3	48.6
%	38.1	-0.7	-24.9	17.3	16.4	-1.2	-17.6	7.4
New house price index, 1997=100	111.9	113.4	114.6	115.9	117.3	119.0	120.4	n.a.
%	0.9	1.3	1.1	1.1	1.2	1.5	1.1	n.a.
Existing housing								
MLS* resales, units, thousands	399.7	406.1	412.9	417.6	466.1	441.6	446.4	477.4
%	-3.6	1.6	1.7	1.1	11.6	-5.3	1.1	6.9
MLS* average resale price, $C thousands	188.5	194.2	200.9	203.7	208.9	215.0	220.8	225.5
%	-0.1	3.0	3.5	1.4	2.6	3.0	2.7	2.1
Mortgage market								
1-year mortgage rate, per cent*	5.33	5.03	5.05	5.08	4.55	4.68	4.30	4.57
5-year mortgage rate, per cent*	6.85	6.80	6.63	6.20	6.28	6.45	5.85	6.45
Residential investment**								
Total, $1997 billions	58.7	59.8	60.8	60.7	63.5	64.8	67.0	n.a.
%	2.9	1.9	1.6	-0.1	4.6	2.0	3.4	n.a.
New, $1997 billions	29.7	30.4	30.3	29.7	30.7	32.1	33.5	n.a.
%	5.1	2.1	-0.2	-2.1	3.4	4.7	4.2	n.a.
Alterations, $1997 billions	20.7	21.0	21.8	22.5	22.9	23.3	24.0	n.a.
%	1.5	1.6	3.8	3.3	1.4	1.8	3.3	n.a.
Transfer costs, $1997 billions	8.3	8.5	8.7	8.7	10.0	9.5	9.6	n.a.
%	-0.8	1.4	2.8	-0.4	15.0	-5.1	1.1	n.a.
Deflator, 1997=100	113.7	115.4	116.2	117.4	119.1	121.0	121.2	n.a.
%	0.2	1.5	0.7	1.0	1.5	1.6	0.1	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.